

July
27th.

Our own Money Market had also become aroused to the need of action for the security of its financial position about this date. Yet there appears to have existed no definite suspicion of momentous issues. The reserve of gold in the Bank of England was reasonably large; and the bankers' balances in its custody indicated no depth of unrest in monetary circles.

It was observable, also, that although at the time the market discount-rate for bills here (*i.e.* in general terms, the charge for loans) was in excess of the bank rate, yet the Paris cheque-rate¹ on London fell from 25 fr. 17f c. to 25 fr. 14f c.: in other words, the value of the sovereign measured in francs became less: a sovereign purchased a diminished number of francs in Paris. It will be noticed that the selling of securities in the London market by Paris holders (in order to accumulate coin in France) caused an increased demand for drafts on France in francs, and this competition resulted in the sovereign exchanging for a reduced number of francs: the sellers were compelled by competition to give more sovereigns for a stated sum in French currency.

The London banks required the discount houses and bill-brokers to repay their advances, and owing to this consequent depletion of their funds those houses applied to the Bank of England for loans for carrying on their business in discounting bills.

Several jobbers on the Exchange declined to make prices at all; in other cases the quotations were so extremely wide that transactions became impracticable. The banks came to the assistance of dealers, so that the rates required from speculative buyers—rates of "continuation"—for postponement of the purchase-money until the ensuing Settlement, were only slightly increased. But dealers in the foreign market absolutely refused to make any prices whatever. Moreover, as regards International Securities, as they are termed (*i. e.* the Obligations

¹ The import of this term is the rate of exchange where the sums involved are payable at sight, *i.e.* at once; where, *e.g.*, the purchased bill of exchange being presented to the acceptor the money must be paid immediately like an ordinary bank cheque. T